



Office of City Auditor Memorandum

Date: July 18, 2001
To: Alex Harris, Capital Program Director
Libraries for All
From: Susan Cohen, City Auditor
Patti Jones, CDR Consultants, Inc.
Eileen M. Norton, Assistant City Auditor
Subject: Libraries For All Quality Assurance Review #3

EXECUTIVE SUMMARY

Attached to this memorandum is our third Quality Assurance Review (QAR) on the Libraries For All (LFA) Capital Program. OCA appreciates the cooperation and assistance that we received from LFA personnel, especially Alex Harris, Bob Goldstein and Donnie Grabowski. The coordination/interaction between OCA and LFA was much better than our prior QARs. We hope, in part, that the utilization of the new OCA QAR assessment form (see attached) helped by setting a standard procedure for recording audit findings, while still accommodating responses/comments from those being audited, in this case, LFA.

Methodology

Unlike other types of audits, a quality assurance review occurs at several different points during the life cycle of a project and the QAR serves as a "snapshot" of the project at a specific time in the life of that project. Capital projects are constantly evolving, and as such, a quality assurance review reflects the health of a project at a specific juncture. The Auditor Office's goal is to ensure that we take these "snapshots" at critical junctures in the life of a project so that we can provide stakeholders with an assessment of how the project is progressing in terms of scope, schedule and budget.

Due to the timing and work efforts of other audit work, and the length of time required for our QAR audit team to thoroughly review in detail all information provided during each QAR assessment, the timing for release of the final QAR findings will typically be at a time when the status of the project is different than it was at the time the assessment was conducted. The reader should be aware that issues requiring improvement, as mentioned in this QAR, might well have been corrected or are in the process of being corrected to comply with OCA's suggestions.

Our third QAR spans the timeframe from the end of our second QAR, October 2000 through March 2001, with some follow up and reconciliation of LFA comments extending through June 2001. The review team consisted of Eileen Norton, Assistant City Auditor, and Patti Jones, President of CDR Consultants, Inc.

We met with staff from both LFA and Seneca, and we reviewed/analyzed in detail all relevant documentation related to scope, schedule and budget, as was provided by LFA during the timeframe covered by this QAR assessment.

Summary of Findings

LFA has made progress in addressing several issues OCA raised during its prior assessment, QAR #2. LFA has:

- Hired a project manager for the branch library projects who has construction management and scheduling experience;
- Developed monthly progress reports for the new Central Library and Temporary Library projects and improved the format and content of the Milestones report; and
- Has taken steps forward with its contractor, Hoffman, to produce a detailed construction schedule that will enable LFA to adequately monitor the schedule. Further, LFA has committed to switch from Excel to a traditional scheduling program (i.e., Primavera); and
- Is in the process of revising the general conditions document for the branch library projects to, hopefully, acknowledge some enhanced language that OCA has been recommending in the areas of project schedules and change management; and
- LFA continues to be very mindful of meeting its budgetary limitations through ongoing design oversight with the outcome being to keep the scope of work within the project budget.

We will, however, continue to monitor several areas related to the capital program, such as document management, change order management, and to ensure that LFA's contractors/consultants are in compliance with the terms and conditions of their contracts. OCA has three major areas of concern, which are summarized below.

Cost Management. Typically, a maximum allowable construction cost (MACC) is negotiated in early – mid Design Development phase, and in some cases as early as 50%-75% completion of schematic design phase. Early negotiation of the MACC helps to ensure that the Contractor will be fully engaged in the project and committed to ensuring that the project costs will stay within the negotiated MACC. The Central Library project is developing construction documents without having negotiated/settled on a MACC with the GCCM. LFA indicated that the MACC would be set by the mid June, or at the latest by August 2001. To date, OCA has not been informed that the parties have reached agreement on the MACC price, and assumes that, as of the date of this memorandum, this continues to be the case.

OCA's concern is that in the event that LFA does NOT reach agreement with Hoffman on the MACC, it would have to begin a new GCCM contracting process with new contractors, and that would surely cause delays to the start of construction.

Schedule Management. Since OCA's prior schedule assessment, discussed in QAR #2, the construction execution period has been reduced from 26 months to 19 months. LFA has explained that the now shorter construction execution period was not done to offset design delays but rather it has been based on a detailed assessment, by Hoffman and Seneca, of the now revised scope of work. OCA accepts LFA's explanation but will continue to closely monitor the construction schedule for the Central Library because OCA remains concerned that, given the complexity of the design, the time allowed for construction may be too aggressive to allow the contractor to complete the project on schedule without either paying acceleration costs to the contractor, or needing to extend the planned project completion date.

Document Management. OCA strongly urges LFA to put in place a document management system capable of meeting user needs during the construction phase. If sufficient time isn't spent to develop an adequate means of tracking key project documents before construction starts, there will be little time to implement and train all project participants on the procedures and protocols for managing the historical paper trail for this significant project. Long term, the affect could be an inability to adequately defend the City against contractor-initiated change orders and claims.

Alex Harris
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Again, we would like to thank the Library for its cooperation and assistance in this review. If you have any questions, please feel free to contact me via email or by phone at 233-1093.

cc: Deborah Jacobs, City Librarian
Mayor's Office
Councilmembers
Rod Brandon, Director, Contracting Services

Attachment

Quality Assurance Review #3 - Libraries for All

●●●	OCA Observations	OCA Suggestions	LFA Response
A. Project Management (General)			
○○○	Project Team Leadership		
	NC		
●○○	Project Team Expertise		
	Since the last QAR, LFA has hired a fourth project manager for the branch library projects. The PM has both a BA in Architecture and a BS in Construction Management. According to LFA management, he brings CPM scheduling (MS Project) and process management skills to the LFA team.		
○○○	Project Plan Development		
	NA		
○○○	Project Plan Execution		
	NA		
○○○	Resource Planning & Staffing		
	NR		
○○○	Roles & Responsibilities		
	NR		
B. Cost Management			
○●○	Budget Forecasts		
	<p><u>Central Library</u> OCA assumes that there have been no changes in the budget. The budget reports provided to OCA for this review still shows a revised budget date of November 17, 1999</p> <p><u>Temporary Library</u> The January 2001 Progress Report for the Temporary Library (prepared February 1, 2001) states that the current forecast for the total project cost is the same as the approved \$10.25 million budget.</p> <p>The Master Budget Report prepared March 27, 2001 shows that the total expenditures and encumbrances are nearly \$65,000 (or just under 1%) over the approved budget. The primary reason appears to be an overrun in the costs tenant improvements.</p>	Based upon current budget summary report (March 27, 2001), OCA is concerned that LFA may overrun its tenant improvement budget for the Temporary Library. Although a total overrun of \$65,000 is not major at this point, it warrants monitoring.	<p>The November 17, 1999, date is the last day the budget form was revised. The original budget has not changed, although cost information is continually updated. A \$1.95 million adjustment from interest earnings was approved at the May 22, 2001 Library Board meeting. This adjustment allows for greater capacity for the book platform, allowing for greater building flexibility over time.</p> <p>The \$65,000 budget overrun is due to higher-than-anticipated moving costs. The Library and Seneca are closely monitoring the Temporary Central Library budget expenditures, but do</p>

NR – Not reviewed

NA – Not applicable at this time

NC – No change since prior QAR

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	<p><u>Budget for Project Management of Temporary Library</u> The original contract between LFA and Lorig for construction manager services set the maximum "Basic Compensation" for Phases I and II at \$400,000. The planned total cost for all phases was set at \$555,000. Phases I and II are, respectively, Site Identification & Lease Negotiations and Pre-construction. Phase III includes construction management and administrative and financial controls.</p> <p>After terminating Lorig, a new contract for the Temporary Library Construction Management services (Phase III) was negotiated with Seneca that set the maximum amount for Basic Services at \$180,000 (\$20,000 per month for 9 months), plus an additional \$2,000 for reimbursable expenses. Lorig was paid \$408,000 for Phases I and II, plus the amount Seneca will be paid (\$182,000) raises the planned total cost for the Development Manager for the Temporary Library by approximately \$40,000 for a total cost of \$590,000.</p> <p><u>Branch Libraries</u> The original budgets for the branch library projects are listed in the Libraries for All Proposed 1998 Capital Plan. In September 2000 the branch budgets were re-evaluated in light of higher than anticipated property acquisition costs, the proposed co-location of certain branches with other City facilities, and the effects of inflation on delayed projects. The re-evaluation includes revised and anticipated assumptions. In some instances the budget will decrease, but in most, cases, it appears the original budget will be increased. In some instances, project schedules will be accelerated, and reserve contingencies, in addition to other project contingencies, will be established in the budgets. Also included are possible funding sources for the additional costs, including the Cumulative Reserve Subfund, the Seattle Center/CC Levy, Foundation, interest earnings and reallocation of LFA Bond funds.</p> <p>The Board has only acted on a change to the Capitol Hill Branch budget, increasing it by almost 9%.</p>	<p>Documentation provided to OCA did not explain why the scope of work for Phase III services is costing more for Seneca to perform the work than it was going to cost Lorig. Also, no supporting documentation or record of negotiation was provided for the contractor reselection process. OCA suggests that, in the future, LFA provide a record of negotiations for matters related to termination of a contract.</p>	<p>expect some overrun of the planned budget.</p> <p>Seneca's contract exceeds the amount of Lorig's former contract with the Library. Seneca is providing an enhanced level of service to the project, closely monitoring the contractor's work.</p> <p>As noted on pg. (9) of this report, following the termination of the Lorig contract the Library contacted The Seneca, HEERY, and Project Coordinators, Inc., asking each firm to provide a proposal. Seneca and HEERY provided the requested information. We interviewed the proposed team for HEERY and Seneca and checked references for both firms. We concluded that Seneca offered the strongest team.</p> <p>As OCA notes, to date there has been one branch budget increase to the Capitol Hill budget. The Library Board will officially adjust other branch budgets as necessary as land is acquired, MACCs are set, project scopes are finalized, and MACCs are set.</p> <p>Project budgets will not be decreased. In some instances, project budget</p>

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			schedules will be accelerated and deflated budget amounts will be placed in reserve contingencies, separate from other project contingencies.
○●○	Cost Negotiations		
	Prior schedules that were reviewed by OCA indicated that LFA would not be negotiating the MACC until after 100% Construction Documents (CDs). During recent meeting and as published in LFA's Monthly Progress Report, it is now anticipated that the MACC will be negotiated sometime between mid-June and August 2001. It was also indicated that LFA may conduct additional negotiations over select items (i.e., General Conditions) later in the year after CDs are complete.	OCA, in its prior QAR, suggested to LFA that updating its master schedule to reflect actual progress against planned would be a good forecasting tool. It is still OCA's opinion that had LFA used such a tool it might have realized sooner in design process that delays were occurring which would affect the timing of the MACC negotiations. The advantage of tracking actual progress against a baseline plan is to help in the development of recovery plans, in the event the project begins to slip past its planned completion date. If the baseline plan is always changed to reflect new information rather than using actual progress measured against a plan, then there will never be a point of reference to monitor how well LFA has managed the timely completion of the project.	<p>The Library has never planned to wait until 100% Construction Drawings (CDs) are complete before negotiating the MACC. The schedule notes referring to this in early schedules were meant to indicate the latest date at which the MACC could be set. We expect to complete the MACC negotiation before any construction activity begins.</p> <p>Hoffman is actively engaged in value engineering activity under its contract for Pre Construction services.</p> <p>The Library keeps both preliminary and active project schedule information. Firmer schedules will be set and tracked following land acquisition, selection and contracting of architects, and confirmation of project scope.</p>
○○○	Cost Control Procedures		
	NR		
C. Schedule Management			
○○○	Schedule Development		
	See "Baseline CPM Schedule Compliance" below.		

NR – Not reviewed

NA – Not applicable at this time

NC – No change since prior QAR

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○●○	Baseline CPM Schedule Compliance		
	<p><u>Central Library</u> OCA's evaluation of the project CPM schedule is based on the CPM schedule dated February 23, 2001. Hoffman has used Excel to create the Project CPM Schedule. Excel does not meet the schedule requirement of the GCCM contract. The Contract requires the progress schedule to be in the "form of a precedence diagram critical path method" using software "acceptable to Owner,"</p>	<p>LFA should specify the type of scheduling software it expects the contractor to use on this project. Excel is NOT a CPM scheduling software and will NOT provide LFA essential schedule forecasting information to allow early identification of schedule slippage during construction.</p>	<p>The Library and Seneca agree that Excel is not the appropriate scheduling software for the project as we move ahead. We feel it has worked adequately for the effort to date because of its presentation flexibility compared with true scheduling software. Seneca is about to commence a detailed review of the project schedule. This will be done using the Primavera Project Planner (P3) software system. Future versions of the schedule will be published and monitored in the new format.</p>
○●○	Schedule Updates		
	<p><u>Central Library</u> OCA evaluated Seneca's comparison of the Central Library schedules dated July 1999, February 2000, August 2000, October 2000, December 2000 and February 2001. (See Appendix A for the results of our comparison.) LFA's February 2000 baseline schedule depicted an Opening Day of June 27, 2003. The February 2001 CPM schedule forecasts an Opening Day of October 1, 2003. This reflects a 3-month slippage in the completion date for the Central Library from earlier schedules due to the longer than originally planned Design Development phase.</p> <p>The project would have shown even greater slippage in the completion date but for LFA reducing the construction period from 21 months in the July 1999 schedule to 19 months in the February 2001 schedule. Based on project records received during this QAR audit time frame it appeared that the construction period was compressed to offset design delays. However, during recent meetings with LFA, it was explained</p>	<p>OCA is concerned that a 19-month construction period will be aggressive for the contractor to complete his works for this complex building within the Contract Directed Completion date. In the event that the design phase suffers additional delays, it would not be feasible to further reduce the time allowed for the construction phase. In that case, without providing additional compensation to the contractor to accelerate the works, it would be necessary to extend the planned completion date of October 1, 2003.</p>	<p>The original construction schedules were preliminary and based on a building not yet designed. Since this time, the contractor has presented a revised schedule based on what will be necessary to complete the project. The design team, owner, and contractor jointly made the decision to allow additional time for the completion of the steel package to avoid changes in the steel order, which might increase costs.</p> <p>The project has had several delays during the design phase. These have been the result of the time required to develop the design and to align it with the construction budget. The schedule comparison information Seneca</p>

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	<p>that while design has taken longer than anticipated, shortening the construction execution period was done because changes in the scope of the project allowed for a shorter time period to construction the Library.</p> <p><u>Temporary Library</u> OCA's evaluation of the project CPM schedule is based upon the most current schedule received, showing status as of January 9, 2001. The project is 10 days behind schedule and the current forecasted completion date is June 13, 2001 (substantial completion is expected to be June 1, 2001. There are two parallel critical paths. The first path begins at the structural work @ Level A and goes through the metal framing @ Level 3 up to Levels A, B, 1 and 2 and out through finish carpentry and flooring. The second critical path is the elevator work, which encompasses procurement time through framing, installation and testing of the three elevators.</p>	<p>Typically, owners request a recovery schedule when the schedule is 10 days or more behind. OCA recommends that LFA consider requesting a recovery schedule.</p>	<p>provided to the Library on February 19, 2001 anticipated the start of the construction documents phase the first of March this year. While that work did start at that time, there has since been another round of cost alignment that may impact the design team's ability to finish the construction documents when predicted. That potential impact has not been quantified by the design team or negotiated into a revised schedule as of this date. However, OCA's concern that the construction schedule has been compressed to offset the design delays is not the case. The construction schedule has evolved as the details of the design have come into focus, which is a very normal process. The most recent schedule is based on assessments of how long it will take to build the project, coordinated with the estimated availability of permits. The duration of construction activities has been driven by detailed assessments by Hoffman and Seneca more than by delays in design work.</p> <p>Berschauer Phillips has provided regularly updated schedules during construction. Certain items have been delayed, though the overall schedule has not changed. The current substantial completion date is June 15. An eight working day extension was granted to the contractor due to the following unforeseen delays:</p> <ul style="list-style-type: none"> • Snowstorm

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			<ul style="list-style-type: none"> Basement flooding due to a blocked City sewer line Delays in elevator jack hole drilling due to rocks encountered at 30 feet below grade Earthquake Bomb threat to Kiewit Construction <p>Recent schedule adjustments have been made due to a strike and damage caused by a leaking sprinkler head. While elements of the schedule dated 1/9/01 may appear behind schedule, the contractor has sought to make adjustments during the job to keep the substantial completion date on schedule.</p>
○●○	Schedule Revisions		
	<p><u>Branch Libraries</u> OCA compared branch library schedules dated April 26, 2000 to the latest schedule dated December 1, 2000. Of the 23 branches reviewed (Wallingford and Holly Park have been completed), the opening dates for 11 branches have been extended anywhere from 3 to 29 months, 3 branches have been extended 1 month, 7 have been accelerated anywhere from 3 to 7 months, and 2 are holding to their scheduled opening. (See Appendix B.) Some of the delays in the opening dates have been due to longer than planned property acquisition periods.</p> <p>The two branch library schedules also show that in 7 instances the original construction execution period has increased anywhere between 1 to 6 months, while in 13 instances the construction execution period has been shortened between 1 to 6 months.</p>	<p>It is not readily apparent from the documentation provided to OCA what LFA intends to do to offset/minimize the delayed openings many of the branch libraries will experience. OCA understands that the opening dates for the branch libraries are not mandatory and agrees that continued monitoring is essential to planning timely opening. However, it would be advantageous to LFA to track planning/design/construction progress against planned dates. This type of scheduling tool would be useful in assisting LFA in developing contingency plans to minimize the impacts of the delays. OCA will continue to monitor the design and construction shifts that are occurring within the branch libraries.</p>	<p>As OCA notes, opening dates listed in the original Libraries for All program are not mandatory. Original opening dates were target dates based on assumptions known at that time. Schedule delays are often beyond the control of the Library, and are caused by land acquisition issues, community design review, and other reasons. An example is the Ballard Library, where we are working to coordinate the development of the library, a neighborhood service center, and the existing U.S. Bank on one site as part of the Ballard Municipal Center plan The Library is committed to moving as quickly as possible and reviews all project schedule changes regularly with</p>

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			the Library Board, Libraries for All Oversight Committee, the Citizen's Implementation Review Panel (CIRP), among others. We are currently working to complete land acquisitions early to avoid increased project costs. Firmer schedules will be set and tracked following land acquisition, selection and contracting of architects, and confirmation of project scope.
D. Scope Management			
○○○	Scope Planning		
	NR		
○○○	Scope Verification		
	NR		
○○○	Change Control Management Plan		
	NR		
●○○	Change Request Processes		
	<p><u>Central Library</u> The contract with OMA/LMN stipulates that as subconsultants are hired by OMA/LMN, the stipulated sums listed in the contract will be adjusted by amendment to add the cost of those subconsultants to OMA/LMN's compensation. To date, there have been 3 amendments adding compensation for subconsultants hired by OMA/LMN.</p> <p>The change request process for LFA's contract with Hoffman is outlined in Part 7 of the General Conditions. The Owner may request a written Change Order proposal from the GCCM. Within 14 days of the request, the GCCM must submit to the Owner a Change Order proposal. There is no specific time limit within which the Owner must respond to the Change Order proposal.</p> <p>The General Conditions do not set forth a specific process for contractor-initiated changes or changes due to differing site conditions. For the latter, Section 5.11 only states that the Contractor must follow the provisions in Part 7 to request an</p>	<p>For the Central Library, OCA suggests that LFA and Seneca flow chart the change process so that it clearly delineates the processes for contractor-initiated changes, owner-initiated changes, and changes due to differing site conditions. This is a very helpful tool for both Owners and Contractor. Maintaining the contract timelines for Changes in Work is essential if the Owner ever needs to seek remedies under the contract and for the Contractor it ensures that rights are not waived for failure to comply with the terms and provisions of the contract. A flow chart makes it easy for both parties to understand the change order process. Also, OCA suggests that LFA, at a minimum, articulate a "standard"</p>	<p>The Library plans to track any changes as noted, as is currently being done for the Temporary Central Library as site conditions change.</p> <p>The Library and Seneca agree with OCA's suggestions about flow charting the change process and will follow through to do so.</p>

NR – Not reviewed

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	<p>equitable adjustment in Contract Time and/or Contract Sum.</p> <p><u>Temporary Library</u> The change request process is near to that outlined in the Hoffman contract, although the Contractor has 7 days, rather than 14, to respond to a proposal request from the Owner.</p> <p><u>Branch Libraries</u> LFA has informed OCA that it is amending the General Conditions that were used for the Wallingford Branch Library project. OCA has not yet had the opportunity to review these amended General Conditions.</p>	time frame within which it will respond to change order proposals.	OCA will have an opportunity to review amended General Conditions for the branch libraries by August 2001.
E. Risk Management			
○○○	<i>Risk Assessment</i>		
	NR		
○○○	<i>Risk Avoidance/Mitigation Plan</i>		
	NR		
F. Quality Management			
○○○	<i>Quality Management Plan</i>		
	NR		
○○○	<i>Quality Assurance</i>		
	NR		
○○○	<i>Quality Control</i>		
	NR		
G. Contract Development			
○●○	<i>Development & Review Processes</i>		
	<p><u>Termination of Contract with Lorig</u> In April 1999 Lorig & Associates began working as Construction Manager for the Temporary Library. In October 2000, in accordance with Article 9 of the Contract, Lorig's services were terminated. Section 9.3 states that the Owner may terminate the agreement at any time, "without cause and for any reason" upon "written notice" to the Construction Manager.</p>	While not required by contract, meeting minutes, from a risk avoidance perspective, would have served as a contemporaneous record of what transpired in the meeting should it become legally necessary for LFA to justify its termination of the contract. Also, meeting minutes serve as a	The Library agrees with OCA that it is important to fully document any such situations in the future.

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	<p>The documentation provided by LFA does not include a written notice of termination. The documentation includes a copy of the agenda for LFA's October 4, 2000 meeting with Lorig, an undated memorandum to file by LFA's project manager for the Temporary Library outlining her reasons for terminating the contract, and an October 10, 2000 letter from Lorig discussing Lorig's perspective on the termination. However, it does not appear that LFA provided written notice of termination, 10 days prior to termination, setting forth the reasons for the termination. The undated LFA memorandum to file, suggest that LFA terminated Lorig's Contract per Section 9.1 for failure to "substantially perform" its obligations. However, this is not clear.</p> <p>OCA would also note that LFA did not take minutes of its meeting with Lorig at which time Lorig's contract was terminated.</p> <p><u>Selection Process for New Construction Manager</u> In a document dated November 20, 2000, LFA requested from ESD an "Adverse Effect Exemption" from the normal consultant selection process. ESD granted the exemption.</p> <p>In letters dated October 6, 2000, the Library contacted The Seneca Group, HEERY, and Project Coordinators, Inc., asking each to provide specific information that would then be reviewed as part of the Library's selection process. Only Seneca and HEERY provided the requested information, with Seneca receiving the contract.</p> <p>In the "Adverse Effect Exemption" checklist, the Library noted that Seneca was chosen because it has "recently provided and is currently providing project management services for many of the large, significant construction projects in the city. The individuals assigned to the Temporary Central Library project are all knowledgeable and experienced with projects as large and complex as (or more so than) the Library project."</p>	<p>historical record if key decision makers leave the project. OCA recommends that LFA, in the future, more fully document such meetings.</p>	

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○○○	<i>Risk Assessments</i>		
	NR		
○○○	<i>Incorporation of City Lessons Learned</i>		
	NR		
H. Contract Administration			
●○○	<i>Progress Payment Processes</i>		
	<p><u>Central Library</u> The pre-construction contract states that Hoffman will be paid for work in progress and completed per a schedule of values. OCA reviewed Hoffman's applications and certifications for payment for the period 9/30/00 through 1/31/01 and Hoffman is being paid according to that schedule of values.</p> <p><u>Temporary Library</u> OCA reviewed Berschauer Phillips Applications and Certificates for Payment numbers 1 and 2, dated December 31, 2000 and January 31, 2001, respectively. Each application includes a schedule of values in which the contractor has listed work completed during the application period. However, LFA's files do not indicate what supporting documentation was reviewed by LMN and Seneca prior to their respective approvals of the applications for payment.</p> <p><u>Branch Libraries – Wallingford</u> OCA reviewed the contractor's invoices for the completed Wallingford Branch Library.</p> <p>OCA reviewed 5 "Applications and Certificate for Payment". Each application included only a schedule of value worksheet showing work completed during the application period. Each is certified by the architect prior to forwarding it to LFA for payment. It is not clear from LFA's files what supporting documentation was provided to the architect prior to certifying the application for payment. OCA would also note that the General Conditions for this project required the contractor to include an updated construction schedule with each pay request. This section was to be "strictly enforced." If provided, LFA's files do not contain any updated schedules</p>	<p>Either Seneca or LFA should maintain a full and complete copy of the progress payment request inclusive of all supporting documentation (i.e., records substantiating the work performed within that specific invoice period). It is standard industry practice for Contractor's to include invoices, receipts for materials, etc. so that the Owner can review/validate that only work performed is being billed. OCA is not suggesting that both Seneca and LFA maintain an identical set of supporting documentation, but in the case of OCA's review for this QAR, it appeared that the Library did not have a full and complete set of the Contractor's documentation, nor did it know what documentation Seneca had in its files.</p> <p>LFA has advised OCA that it will be using amended General Conditions in subsequent construction contracts, however, they have not yet been completed. OCA recommends LFA</p>	<p>The following is the Library's process for reviewing pay applications: 1) Seneca/LMN meet with Berschauer Phillips to review the draft pay application; 2) Berschauer Phillips submits the revised pay application to LMN to review and sign; 3) LMN forwards it to Seneca to approve; and 4) Seneca forwards it to the SPL project manager, Capital Program Director, and Chief Financial Officer to approve and pay.</p> <p>The contractor submits an application and a certificate for payment and a corresponding schedule of values, along with any other supporting documentation requested by the architect. The project manager, architect, and contractor walk the site to review the accuracy of the schedule of values prior to the architect's certifying the application and certificate for payment.</p>

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	attached to the applications and certificates for payment.	strictly enforce the terms and conditions of its contracts by ensuring that its contractors and consultants have procedures in place that meet the documentation requirements set forth in the contract documents.	
○●○	<i>Change Orders/Contract Amendments</i>		
	<p><u>Central Library</u> There have been 4 contract amendments to the Library's contract with OMA/LMN, of which one clarified acceptable billing practices for mobilization and pre-schematic phase reimbursement expenses. The other three amendments add various consultants that had been contemplated in the original contract, but not yet identified.</p> <p>The contract with OMA/LMN does not specify the selection process for subconsultants. Section 1.1.6 of the contract states that the Architect will submit a description of the services to be performed, the subconsultant's qualifications and the estimated costs for those services. LFA also reserves the right to disapprove of any subconsultant chosen by OMA/LMN.</p> <p>Of the files OCA reviewed, we did not find information related to the subconsultants' qualifications or cost estimates. Further, it is not apparent what means LFA/OMA/LMN are using to select subconsultants.</p> <p><u>Temporary Library</u> There have been 3 change orders to the Library's contract with the contractor, Berschauer Phillips. Two relate to construction work on the Temporary Library, adding \$124,000 to the contract. The third modifies the contract's language for liquidated and actual damages.</p> <p><u>Branch Libraries</u> One branch library (Wallingford) has had contract change orders.</p>	<p>OCA recommends that LFA include in its files documentation outlining the process used by it consultants and contractors in selecting subconsultants and subcontractors. The project record should reflect, for stakeholders, whether the processes used are fair and open.</p>	<p>The Library received confirmation from the City's Law Department that we are not required to go through a public process to select subconsultants working under OMA/LMN's contract.</p> <p>The following is a detailed explanation about the process used to select subconsultants: OMA/LMN first recommends a subconsultant; the Library and Seneca review the qualifications of the subconsultant and review the cost to ensure that it is within the established budget. Contract amendments are executed to incorporate the subconsultant's work. There has been, and will continue to be, a careful process for selecting the GCCM's subcontractors to comply with the requirements of the RCW and good practice. The process of selecting the architect's consultants is close to complete and we suggest there is not any need to outline or further document that process.</p> <p>LFA keeps backup documentation in its files for change orders and contract amendments. Contractors submit change order requests via AIA</p>

NR – Not reviewed

NA – Not applicable at this time

NC – No change since prior QAR

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● ● ●	OCA Observations	OCA Suggestions	LFA Response
	<p><u>General</u></p> <p>The Beacon Hill, Capitol Hill and Greenwood branches have had contract amendments. Beacon Hill's related to \$6,000 for additional costs and time necessary to analyze potential sites and Greenwood's added approximately \$450 for unanticipated costs related to site analysis. The Capitol Hill architect contract has been amended twice for approximately \$150,000. The first amendment (\$115,000) adjusts the contract due to a change in the project scope, the second (\$36,000) adds services for design development, construction documents, bidding, construction administration, and project closeout for civil engineering.</p> <p><u>Wallingford</u></p> <p>The Wallingford branch, housed in the Fremont Public Association building, was opened to the public in January 2000.</p> <p>There were 2 change orders to the Library's contract with the contractor, Harmatta, totaling \$12,823. (The original contract was for nearly \$210,000, inclusive of sales tax.) The first change order incorporated 7 modification proposals, while the second incorporated 12 modification proposals.</p> <p>According to the documentation we received, it appears that early in the process there were misunderstandings between the contractor and the architect, and what may have been different interpretations of the change order procedures outlined in General Conditions, Section 01035. However, it seems that the misunderstandings were resolved.</p> <p>The State Auditor has also reviewed payments to Harmatta finding "some weaknesses in the internal control" processes. According to the State Auditor, LFA was "very receptive" to the State Auditor's recommendations for resolving the internal control weaknesses.</p>	<p>OCA recommends that LFA maintain in its files all backup documentation for change orders and contract amendments.</p> <p>LFA has advised OCA that it will be using amended General Conditions in subsequent construction contracts, however, they have not yet been completed and OCA has not reviewed them. We would urge LFA, if it has not already done so, to amend the general conditions based upon lessons learned from the Wallingford project and from the review by the State Auditor.</p>	<p>Document G701 that is signed by the architect, contractor, and owner.</p> <p>All contract amendments for architects and other consultants are supported by a proposal letter.</p> <p>As stated earlier, OCA will have an opportunity to review the amended General Conditions for the branch libraries by August 2001.</p>

NR – Not reviewed

NA – Not applicable at this time

NC – No change since prior QAR

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●●●	OCA Observations	OCA Suggestions	LFA Response
○●○	<i>Compliance with Contract Provisions</i>		
	<p><u>Central Library</u> As noted above in Section C, the schedule provided by Hoffman for the Central Library does not comply with General Condition Section 3.02(B).</p> <p><u>General</u> LFA's invoice files for both the Temporary Library and the Wallingford branch do not include backup documentation for its payments to the contractors. Further, it is unclear from LFA's files what backup documentation is reviewed prior to certifying the payment application.</p>	<p>OCA recommends that LFA require Hoffman to use an industry acceptable scheduling software program (i.e., Primavera, SureTrak, MS Project, etc.)</p> <p>While OCA does not recommend that multiple copies of files be prepared, it is important that LFA's files include all supporting progress payment information to validate the amount paid monthly to the contractor. Whether the supporting documentation is filed with LFA or one of its consultants doesn't matter, the point OCA is making is that the supporting documentation is kept by the project. OCA was not provided a full and complete example of a Contractor's request for progress payment with supporting documentation attached, so although LFA has clearly indicated the process in place, OCA cannot comment on the adequacy of the progress payment process relative to recordkeeping protocols.</p>	<p>As noted earlier, the Library and Seneca agree that Excel is not the appropriate scheduling software for the project as we move ahead. We feel it has worked adequately for the effort to date because of its presentation flexibility compared with true scheduling software. Seneca is about to commence a detailed review of the project schedule. This will be done using Primavera Project Planner (P3) software system. Future versions of the schedule will be published and monitored in the new format.</p> <p>The Library believes we have sufficient information to justify applications for payment. The contractor submits an application and a certificate for payment and a corresponding schedule of values, along with any other supporting documentation requested by the architect. The project manager, architect, and contractor walk the site to review the accuracy of the schedule of values prior to the architect's certifying the application and certificate for payment. Each application for payment is certified by the contractor and verified by the architect that the work was performed as indicated on the invoice.</p>
○○○	<i>Performance Reporting</i>		
	See "Project Communication/Reporting" section below.		

NR – Not reviewed

NA – Not applicable at this time

NC – No change since prior QAR

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●●●	OCA Observations	OCA Suggestions	LFA Response
○○○	Project Close-Out Plan		
	NR		
I. Project Communications/Reporting			
●○○	Monthly Reports		
	<p><u>Central Library</u> Subsequent to the OCA's last QAR and in accordance with our recommendation, Seneca has been preparing monthly progress reports. The reports include the following: Work performed over the past month; a look-ahead at the next month; issues; and schedule information. Attached to the progress reports are an updated Master Budget Report and a Summary Program Schedule.</p> <p><u>Temporary Library</u> Seneca is following the same format for its monthly progress reports on the Temporary Library, however, the copies of the reports that OCA received did not include schedule or budget reports.</p> <p><u>Branch Libraries</u> Separate monthly progress reports for each branch library are not issued, although for some branches periodic Branch Library Status Reports are issued. These Status Reports are 1-2 pages and include a narrative description of the project, recent activity, next steps and a table of "Quick Facts" about the branch. A Milestones Report, which includes information on all the branches (and also the Central Library and Temporary Library) is published each month.</p> <p>We would note that the Milestones Reports explain, with the exception of Beacon Hill, changes in the planned completion dates for various branch libraries, but changes in major milestone dates are not explained. In order to determine that major milestone dates have changed, the reader must review prior Milestones Reports and compare them against current reports. We would also note that the Milestones Report does not provide budget update information.</p>	<p>OCA finds Seneca's monthly progress reports very helpful in understanding the monthly status of the project. There has been a greater effort on behalf of LFA in noting changes to scope, schedule and budget.</p> <p>For both the Central Library and Temporary Library, OCA recommends that Seneca include a section discussing Change Orders/Contract Amendments.</p> <p>OCA also recommends that Seneca include budget and schedule reports in the Temporary Library monthly progress reports.</p> <p>The current format of the Milestones report has been greatly improved over the original report.</p> <p>OCA recommends that LFA consider combining into one report the information published in the Status Reports and the Milestones Report. OCA further recommends that reasons for changes in milestone dates be included, along with budget and schedule update information.</p>	<p>Future monthly progress reports will include a section that discusses Change Orders/Contract Amendments.</p> <p>Future monthly progress reports for Temporary Central Library will include budget and schedule reports.</p> <p>Branch Status Reports are included in the Library Board packets for active projects only. As additional branches become active, status reports for these branches will be included in the Board packets.</p> <p>The Milestones Reports show updated budget information. The Capitol Hill budget adjustment was made in April 2001 following Library Board approval and this change was reflected in the May 2001 Milestones report.</p> <p>The Library believes that the two</p>

NR – Not reviewed

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●●●	OCA Observations	OCA Suggestions	LFA Response
			reports serve different purposes and should not be combined. The Milestones report provides comprehensive project information for the public, City departments, regulatory bodies, and other readers. Completion dates officially changed by the Library Board are noted in the Milestones Reports. The Beacon Hill completion date will be adjusted along with other projects after the schedules for architectural work have been confirmed. Branch Status reports are intended for readers interested in a specific branch. These reports have more detailed narrative information than information contained within the Milestones report format.
●○○	Weekly Coordination Meetings		
	<p><u>Central Library</u></p> <p>Design Coordination Meetings and Owner Coordination Meetings are generally held weekly and minutes are prepared for each.</p> <p>Each agenda item is given a discrete number, the first indicates the number of the meeting at which it was first discussed followed by a sequential number as each issue is brought up. (For example, item 41.1 indicates that it was first discussed at Meeting #41 and that it was the first agenda item.)</p> <p>The minutes also track old business discussed at each meeting, business resolved since the last meeting and active business not updated at the particular meeting – identifying each item by its discrete number and noting the dates of meetings at which active items were discussed. The minutes</p>		

NR – Not reviewed

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●●●	OCA Observations	OCA Suggestions	LFA Response
	<p>are fairly straightforward and permit the reader to review what was discussed at each meeting.</p> <p>While the meeting minutes list dates when topics were discussed, because resolved items are dropped from subsequent meeting minutes, a reader would not know the issues that were raised and resolved without reviewing all prior meeting minutes. OCA is unaware of whether a master list of all issues is maintained, which would allow an individual to see in one document all issues raised and resolved.</p> <p><u>Temporary Library</u> Owner/Architect meetings are held weekly. While using a different numbering system, issues that are brought up receive a discrete number that relates to its category and the meeting at which it was first identified. As with the meeting minutes for the Central Library, because there is no master issue log, a reader would have to read through multiple meeting minutes to track the resolution, if any, of issues.</p> <p><u>Branch Libraries</u> We received meeting minutes for the Greenwood Branch and for High Point, though it is not clear that we received copies of all meeting minutes, nor is the frequency of these meetings indicated.</p> <p>While the minutes outline issues discussed at that meeting, they are not given a discrete number that would follow that issue from start to finish. It is also not possible to determine from one set of minutes whether an issue is new or old business, nor what issues may have been previously resolved. It is very difficult for an individual outside the project team to follow the life of a particular issue raised in these meetings.</p>		
○○○	<i>Project Stakeholder Reporting Processes</i>		
	See discussion below.		

NR – Not reviewed
 NA – Not applicable at this time
 NC – No change since prior QAR

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●●●	OCA Observations	OCA Suggestions	LFA Response
●○○	Community Involvement/ Public Relations		
	The LFA continues to have vigorous community involvement process, providing neighborhoods, and the community at large, many opportunities to express their thoughts/visions and to learn about the various LFA projects.		
○○●	Issue Log		
	LFA has not, as recommended in OCA's last QAR, developed a master issue log for the Central Library, Temporary Library or the branch library projects. Currently, a stakeholder would have to review all of the meeting minutes to learn the resolution of each issue. The numbering system used by the Central Library and Temporary Library project teams at least make it possible to track an issue by its number. However, there is no such numbering system used for branch library issues, which makes tracking an issue from beginning to end an onerous one.	OCA recommends, as it did in the previous QAR, that LFA implement an issue-tracking log for the Central Library. The current procedure tracks issues in the meeting minutes. While this process is sufficient for the design stage of the project, OCA recommends LFA establish a more robust means of tracking issues that have the potential to become changes to the project.	OCA's suggestion to implement a tracking system in the form of an issue log has merit for further discussion by the Design Team.
J. Document Management			
●○○	Procedure/Processes		
	<p><u>Central Library</u> OCA visited both Seneca's and LFA's offices where we were provided copies of documents we had requested prior to our visits. OCA did not review the files maintained at Seneca's offices, but did review some of LFA's files. Specifically, OCA reviewed invoices for some of the projects. Subsequent to our onsite visits we were provided copies of additional documents requested.</p> <p>Seneca provided us a copy of its Master Filing Index for "hard copy" files, which is very detailed and well organized. We were advised that most of the project's files are kept in hard copies and filed according to the Master Filing Index.</p> <p>We did not review Extranet (formerly ProjectNet) directly during this QAR, however, we were provided a copy of the Extranet index. The copy does not show any subfolders,</p>	<p>At the time of our last QAR, LFA indicated that Project Net (now Extranet) would be the project documentation system used for the Central Library. It now appears that Extranet will not be used by Hoffman.</p> <p>OCA recommends that LFA and Seneca make this decision as quickly as possible. Construction is scheduled to begin within a few months and LFA, Seneca and Hoffman must develop a detailed structure for the document management file index system prior to entering the construction phase of the project.</p>	The Library concurs with OCA that a decision about the project documentation system needs to be made quickly. Seneca is actively working on this issue.

NR – Not reviewed

NA – Not applicable at this time

NC – No change since prior QAR

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●●●	OCA Observations	OCA Suggestions	LFA Response
	<p>therefore the extent of the indexing system is not apparent to OCA at this time.</p> <p>OCA has been advised that Hoffman has not yet decided what system it will use for project documentation. Hoffman is investigating a system developed by the McKinstry Company.</p> <p><u>Temporary Library</u> Berschauer Phillips uses "Expedition" as its project documentation system. If implemented properly, Expedition provides adequate tracking. OCA did not review Berschauer Phillips' records.</p> <p><u>Branch Libraries</u> Each Project Manager provided to OCA a copy of their respective filing systems. While each PM has his/her own manual system, each is sufficient. Most importantly, it appears that should any of the PM's leave before the end of the LFA program, another PM could follow his/her particular manual filing system in order to retrieve specific documents. (This assumes that each PM follows the system he/she has developed.)</p>		
○○○	<i>Responsiveness</i>		
	It is unknown at this time how easy/quickly it will be to retrieve critical documents when necessary as the document management systems have not been fully implemented. NR		
○○○	<i>Suitability/Flexibility</i>		
	Unknown at this time. NR		
●○○	<i>Security/Confidentiality</i>		
	Seneca has a very detailed file index system, however, the index does not include a specific file for documents that would be exempt from public disclosure/discovery requests, such as documents protected by the attorney-client privilege. The Extranet file structure also does not include such a folder for	OCA recommends that LFA and Seneca create a discrete file, for both hard and electronic copies, in which to keep all documents that would be exempt from public disclosure/discovery requests.	While we agree it is appropriate to keep non-disclosure files in certain circumstances, we will review with the Law Department which documents can be kept in these files.

NR – Not reviewed

NA – Not applicable at this time

NC – No change since prior QAR

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● ● ●	OCA Observations	OCA Suggestions	LFA Response
	<p>exempt documents.</p> <p>Should LFA receive a public disclosure/discovery request, LFA and/or Seneca would have to review each file to determine what documents would be exempt from such a request, and such a review might very well not catch each exempt document.</p>	<p>These documents might include change orders under negotiation, claims, and correspondence with LFA outside counsel and the City's legal department. Creating a confidential file would save staff time in dealing with disclosure/discovery requests and provide greater assurance that exempt documents would not be accidentally released.</p>	

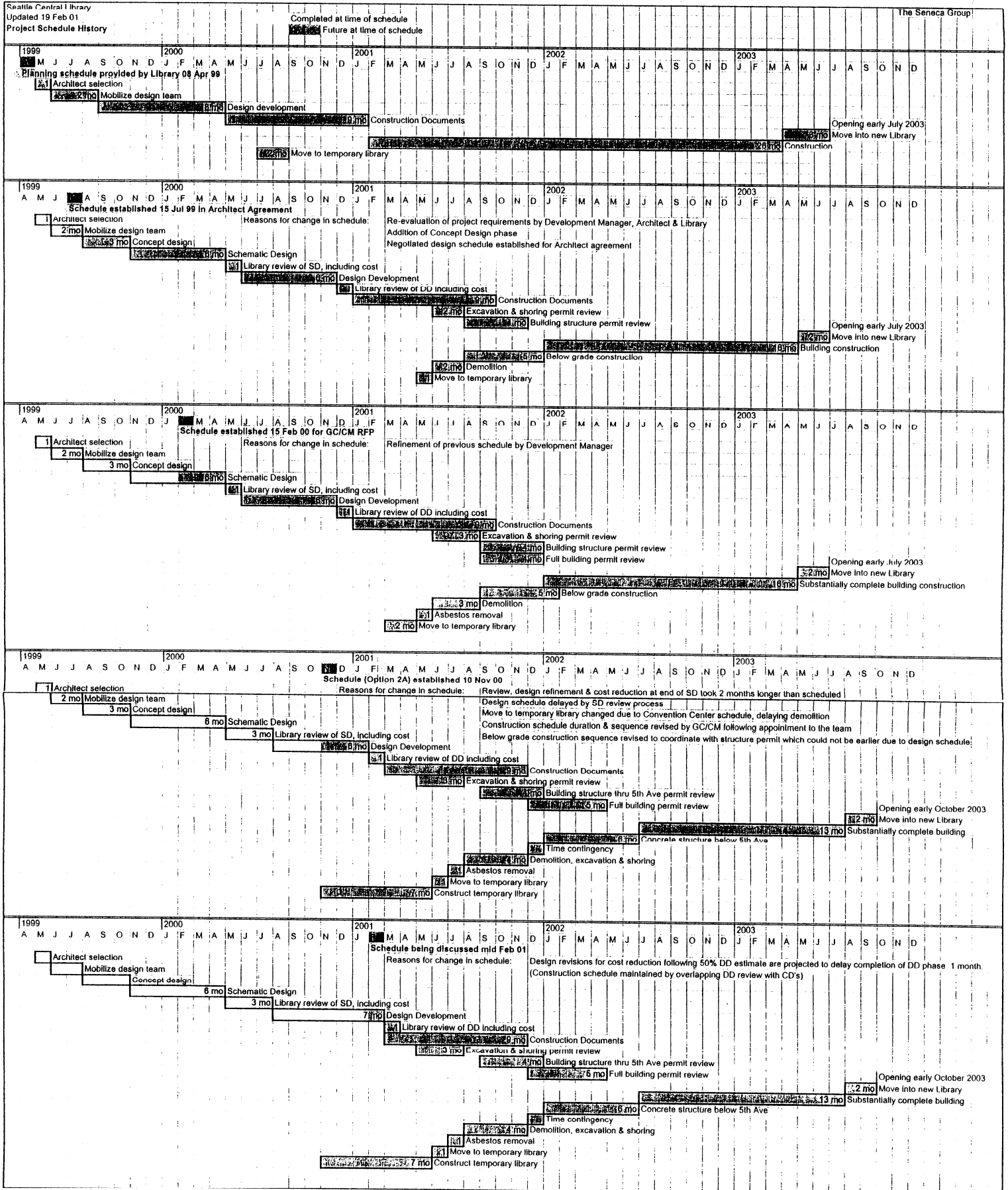
NR – Not reviewed

NA – Not applicable at this time

NC – No change since prior QAR

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APPENDIX A



APPENDIX B

Comparison of Branch Library Schedules*^ (In months)

Branch	Design Completion	Bid Set Completion	Construction Completion	Move-In
Ballard	10	6	13	14
Beacon Hill	9	6	7	8
Broadview	27	25	27	29
Capital Hill	10	10	12	13
Columbia	15	10	6	6
Delridge	3	1	0	4
Douglas Truth	9	4	0	0
Fremont	6	1	-3	-3
Green Lake	1	-2	-4	-4
Greenwood	8	4	1	1
High Point	7	2	1	1
Holly Park	Completed			
Int'l District	14	8	2	3
Lake City	9	6	9	11
Madrona	0	-4	-5	-5
Magnolia	1	-3	-4	-4
Montlake	3	-1	0	1
Northeast	-6	-9	-6	-4
Northgate	5	2	3	4
Queen Anne	-2	-6	-7	-7
Rainier Beach	-2	1	1	3
Southwest	5	2	5	7
University	-3	-7	-8	-8
Wallingford	Completed			
West Seattle	8	3	0	0

* Difference between 4/26/00 and 12/1/00 schedules.

--Negative number indicates completion date in 12/00 schedule is ahead of 4/00 schedule.

--Positive number indicates completion date in 12/00 schedule is behind that listed in 4/00 schedule.

^ In response to the above information LFA has said:

"[O]pening dates listed in the original Libraries for All program are not mandatory. Original opening dates were target dates based on assumptions known at that time. Schedule delays are often beyond the control of the Library, and are caused by land acquisition issues, community design review, and other reasons....The Library is committed to moving as quickly as possible and reviews all project schedule changes regularly with the Library Board, Libraries for All Oversight Committee, the Citizen's Implementation Review Panel (CIRP), among others. We are currently working to complete land acquisitions early to avoid increased project costs. Firmer schedules will be set and tracked following land acquisition, selection and contracting of architects, and confirmation of project scope."